

**Before the
Federal Communication Commission
Washington, D.C. 20554**

In the Matter of)
High-Cost Universal Service) WC Docket No. 05-337
Federal-State Joint Board On Universal Service) CC Docket No. 96-45

Comments Of

**Totah Communications, Inc.
FairPoint Communications (formerly Chouteau Telephone Company)
Pine Telephone Company, Inc.
Pine Cellular Phones, Inc.
Grand Telephone Company, Inc.**

In Response to the Commissions Notice of Proposed Rulemaking

Background

Totah Communications, Inc., FairPoint Communications (formerly Chouteau Telephone Company), Pine Telephone Company, Inc., Grand Telephone Company, Inc. rural ILECs in Oklahoma and Pine Cellular Phones, Inc., a CMRS provider in Oklahoma (collectively “Commentors”) hereby submit comments in this proceeding because the growth of high-cost support due to continued competitive ETC (CETC) certifications threatens the viability of high-cost support for rural wireline ILECs and existing CETCs. This support is essential for rural ILECs in order to meet the goals of the Act – provision of universally available basic and advanced services (in particular broadband service) at just, reasonable and affordable rate levels that are comparable to rates and services in urban areas.

Commentors support the recommendation of the Joint Board in this proceeding to cap for an interim period¹, the support received by CETCs. Commentors further support the Joint Board recommendation that the Commission abandon the identical support rule.²

Questions Posed by the Commission

1. Should the Commission control the growth of high-cost support by capping the support competitive ETCs receive?

As Chairman Martin has recognized, certification of CETCs has resulted in substantial growth of high-cost support payments.³ Continued growth of funding to currently certified CETCs and certification of new CETCs under the present process will cause the fund to become unsustainable. Commentors recommend that the Commission adopt the funding cap on CETCs as an interim measure to provide stable and predictable funding for existing ILEC ETCs and CETCs until the Joint Board can evaluate and recommend

¹ In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Recommended Decision, released May 1, 2007 in Dockets WC Docket No. 05-337 and CC Docket No. 96-45, paragraph 1.

² Id., paragraph 6.

³ Id., Appendix A.

fundamental reform in the high-cost funding process. Commentors further recommend that the Commission revise the basis of collecting funding from interstate retail revenues to a numbers or numbers and connections based collection process. This further measure if adopted by the Commission would alleviate the pressure on the current collection mechanism.

2. Should the cap be applied to competitive ETCs only, or should it be applied to providers of certain services?

The cap only needs to be applied to CETCs. The funding received by these carriers is growing unchecked, while the funding received by the rural ILECs was capped on July 1, 2001.⁴ As a result of the cap on rural ILEC high-cost support, rural ILEC support has only grown by approximately 10 million⁵, while CETC high-cost support has grown by approximately \$1 billion⁶ in the same period.

3. Should the duration of the cap be one year from the date of any Joint Board recommended decision on comprehensive universal service reform, or some other period?

One year from the date of a Joint Board recommended decision should provide ample time for the Commission to (a) receive comments and replies on the recommended decision, (b) consider, analyze and evaluate the comments received and (c) issue an order.

4. Should the cap be imposed on a state-by-state basis or some other geographic basis?

Capping the fund on a state-by-state basis for all CETCs in the state is appropriate if this cap is only imposed by the Commission for a brief interim period. During that interim

⁴ 47 C.F.R. 36.601 to 36.604.

⁵ NECA 2006 USF submission of 2005 study results – 2003 support was 1,028M and 2006 support was 1038M, a growth of only 10M in funding. The unfunded high cost loop investment for the ILECs as a result of the cap grew in the same period to over \$600M.

⁶ In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Recommended Decision, released May 1, 2007 in Dockets WC Docket No. 05-337 and CC Docket No. 96-45, Appendix A.

period, the Joint Board and Commission must adopt revisions to the USF process that will insure its sustainability and predictability for all ETCs.

5. What effect does imposition of the cap on a state-by-state basis have on the ETC designation process?

The operation of the interim cap on all CETCs in a state will, if additional CETCs are certified by a state commission subsequent to the period when the cap on CETCs is established, diminish the capped support received by all of the existing CETCs in the state.

6. Should the cap be set at the level of support received by competitive ETCs in 2006, or some other period?

If the cap is set at a level of support received by competitive ETCs different than the 2006 level recommended by the Joint Board, Commentors would suggest the cap be set at the level of support received by competitive ETCs as of July 1, 2007.

7. Are there other operational, administrative or implementation issues that should be considered?

No.

Respectfully submitted,



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